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# City Council Budget Worksession

## Regarding the FY2013 Proposed Budget

August 13, 2012  
Frisco Senior Center  
6670 Moore Street  
Frisco, TX

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# General Fund Proposed FY13 Budget

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- Goal was to maintain services without a tax rate increase and add back needed staffing held vacant since the beginning of the economic downturn.
  - The Proposed Budget that will be presented has accomplished that goal.
  - There are a combination of things that have enabled us to maintain the current tax rate.
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# Combined Budget Summary

Fund Title	Estimated Beginning Balance	Revenues by Type					Expenses by Object					Estimated Ending Balance
		Taxes	Licenses & Permits	Fees	Interest	Miscellaneous	Interfund Transfers In	Salary & Benefit	Service & Commodity	Capital Outlay	Interfund Transfers Out	
General Fund	25,651,360	72,511,406	5,959,000	9,206,696	150,000	1,803,511	735,091	166,075,610	21,932,760	1,828,434	362,090	25,818,170
Insurance Reserve Fund	1,469,944	-	-	-	5,500	-	-	-	-	-	-	1,475,444
Downtown Improvement	130,071	-	-	114,900	150	-	-	-	21,432	-	-	223,689
Special Events Fund	142,752	-	-	170,000	-	74,000	26,000	-	185,000	20,000	-	207,752
Workforce Housing Fund	508,375	-	-	-	4,000	-	-	-	45,000	-	-	467,375
Public Arts Fund	286,778	-	-	-	600	-	17,800	-	18,400	-	-	286,778
Superdome Fund	1,714,566	-	-	-	7,000	-	100,000	-	80,004	-	-	1,741,562
TIRZ #1 Fund	2,958,648	4,380,153	-	15,801,019	2,000	3,808,585	3,045,176	-	10,529,965	-	16,264,108	3,201,507
Court Technology Fund	401,953	-	-	-	1,000	196,500	-	-	103,797	9,500	108,000	378,156
Traffic Control Enforcement	95,960	-	-	264,790	200	-	-	-	178,680	-	-	182,270
Hotel/Motel Tax Fund	274,934	3,233,387	-	-	1,000	419,500	-	680,368	1,377,742	-	1,484,326	386,385
Frisco Square MMD Fund	-	-	-	-	-	491,251	-	-	-	-	491,251	-
Panther Creek PID Fund	126,900	-	-	277,439	100,250	-	-	-	-	-	377,689	126,900
Grants Fund	-	-	-	-	-	3,659,569	80,000	-	1,094,741	-	2,644,828	-
CDBG Fund	-	-	-	-	-	385,432	-	145,000	240,432	-	-	-
Public Television Franchise	634,720	312,400	-	-	500	-	-	-	-	299,674	-	647,946
Capital Projects Fund	16,068,719	-	-	-	-	20,500,000	2,668,118	-	-	34,113,383	44,670	5,078,784
Capital Reserve Fund	2,213,787	-	-	-	3,500	1,500,000	215,000	-	-	694,500	-	3,237,787
Thoroughfare Impact Fee	10,308,555	-	-	-	-	-	-	-	-	-	1,000,000	9,308,555
Park Dedication Fee Fund	4,716,002	-	-	-	-	-	-	-	-	-	-	4,716,002
Debt Service Fund	4,215,322	26,043,834	-	-	20,000	4,590,752	18,103,048	-	48,756,751	-	-	4,216,205
Utility Fund	28,592,588	-	-	55,181,292	10,815	185,000	2,219,250	9,602,781	44,284,051	3,610,193	-	28,691,920
Utility Capital Projects Fund	633,349	-	-	-	-	30,000,000	-	-	-	-	-	30,633,349
Utility Impact Fee Fund	11,581,874	-	-	-	-	-	-	-	-	-	2,000,000	9,581,874
Stormwater Fund	643,226	-	-	1,416,449	500	-	-	592,685	750,631	181,582	121,863	413,414
Environmental Services	4,143,054	-	-	10,747,357	1,000	-	-	677,654	9,388,342	24,050	634,807	4,166,558
Community Development	33,142,979	12,705,000	-	-	14,000	676,652	-	-	7,656,268	-	814,003	38,068,360
Economic Development	49,147,146	12,705,000	-	-	26,000	80,201	-	911,078	13,070,708	-	861,848	47,114,713
Charitable Foundation	32,477	-	-	-	-	-	-	-	-	-	-	32,477
Totals	199,836,038	131,891,180	5,959,000	93,179,941	348,015	68,370,953	27,209,483	78,685,176	159,714,704	40,781,316	27,209,483	220,403,931

# Certified Taxable Value

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FY12 Total Assessed Value	\$14,117,671,884
Increased Value to Existing Properties	\$163,938,922
New Improvements	\$459,438,837
<b>FY13 Total Assessed Value</b>	<b>\$14,741,049,643</b>

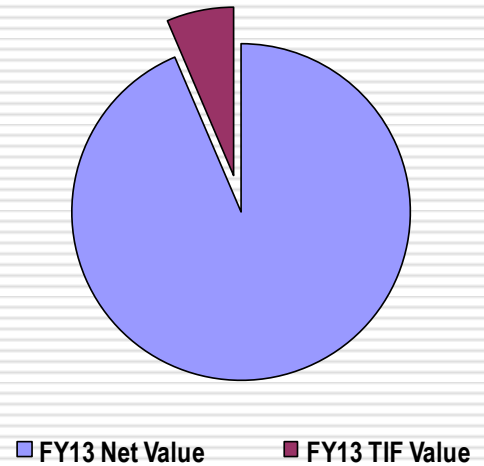
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# Certified Taxable Value

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Total Taxable Value	\$14,741,049,643
TIRZ Captured Value	\$948,269,733
<b>Net Taxable Value</b>	<b>\$13,792,779,910</b>

FY13 Net Value Minus TIRZ#1 \$13,792,779,910



# Property Tax Rates

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Current M&O Rate = .263446

**Debt Rate = .198464**

---

Current Tax Rate = .461910

Proposed M&O Rate = .272957

**Debt Rate = .188953**

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**Proposed Tax Rate = .461910**

**Increase in M&O Rate: .009511**

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# Proposed Tax Rate

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- ❑ Effective Tax Rate is \$0.459411 and the rollback rate is \$0.471914
  - ❑ Difference between ETR and Proposed Rate is \$0.002499.
  - ❑ This difference amounts to approximately \$344,681.
  - ❑ Policy Goal to allocate a minimum of 65% of the tax rate to the General Fund.
    - The M&O to I&S ratio is 59% to 41%
    - Increased slightly from FY12 split of 57% to 43%
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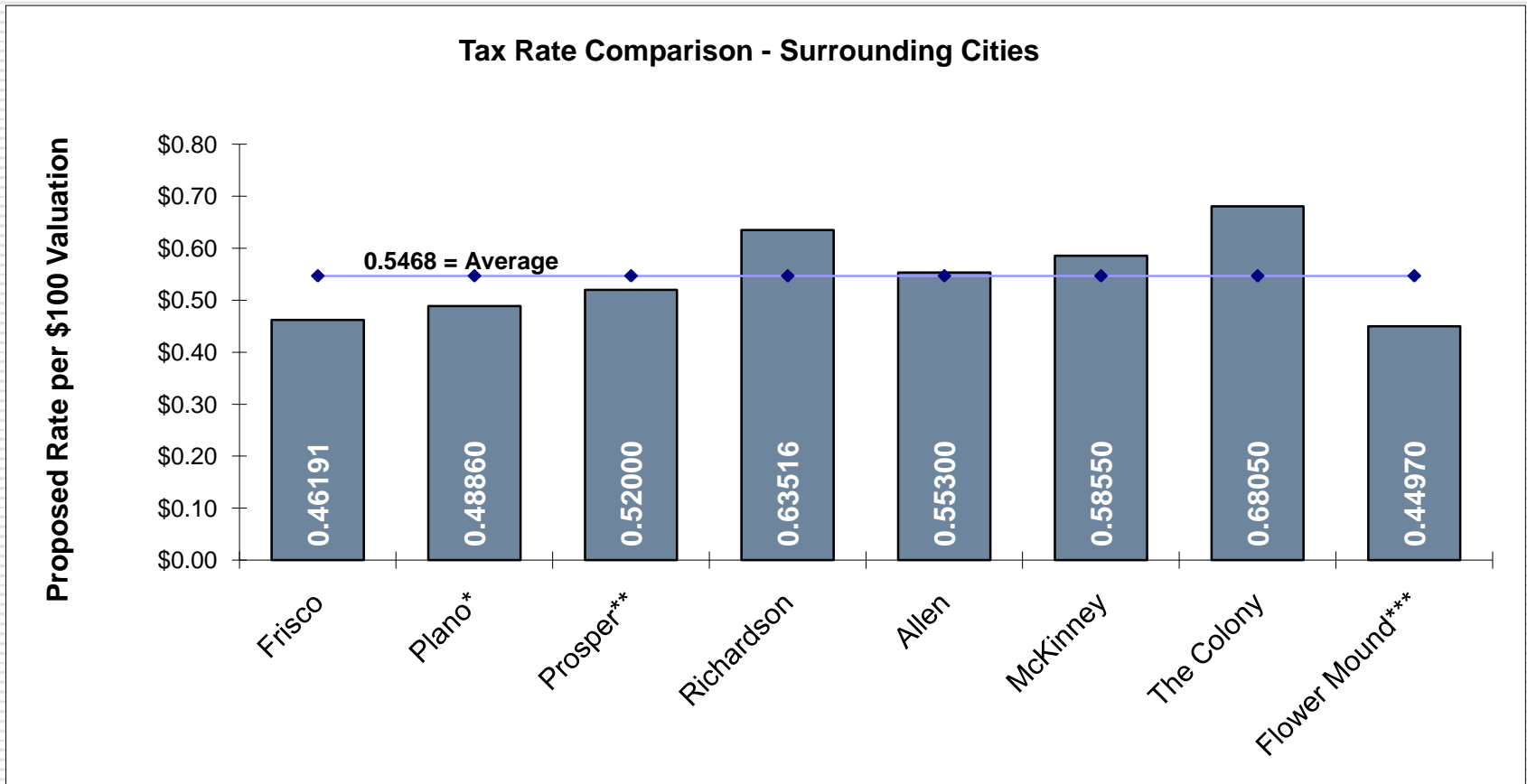
# Average Home Value

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- ❑ 2012 Average Home Value was \$288,978
  - ❑ 2013 Average Home Value is \$291,431
  - ❑ This is an increase of 0.85%
  - ❑ City taxes on the 2012 average value at \$0.461910 would be \$1,334
  - ❑ City taxes on the 2013 average value at \$0.461910 would be \$1,346
  - ❑ City taxes on the 2013 average value at ETR of \$0.459411 would be \$1,338
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# Tax Rate Comparison



All rates are FY13 Proposed

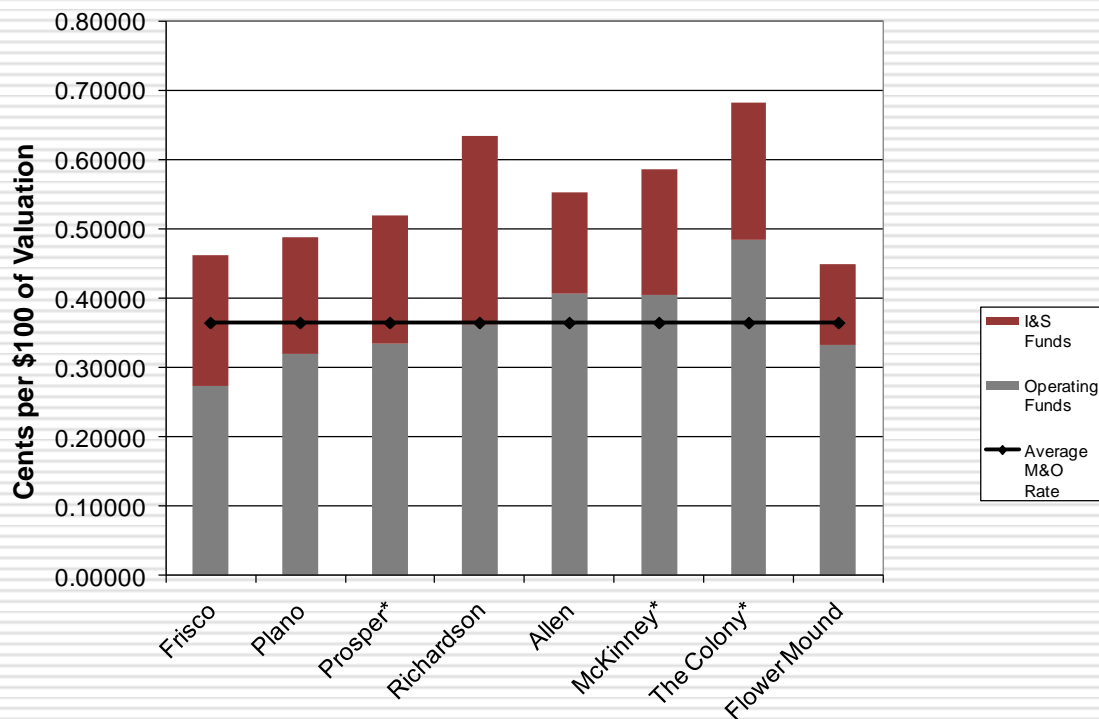
\*Grants homestead exemption

\*\* Has a ½ % sales tax for property tax relief

\*\*\* Has a ¾ % sales tax for property tax relief

# Property Tax Rates for Selected Cities

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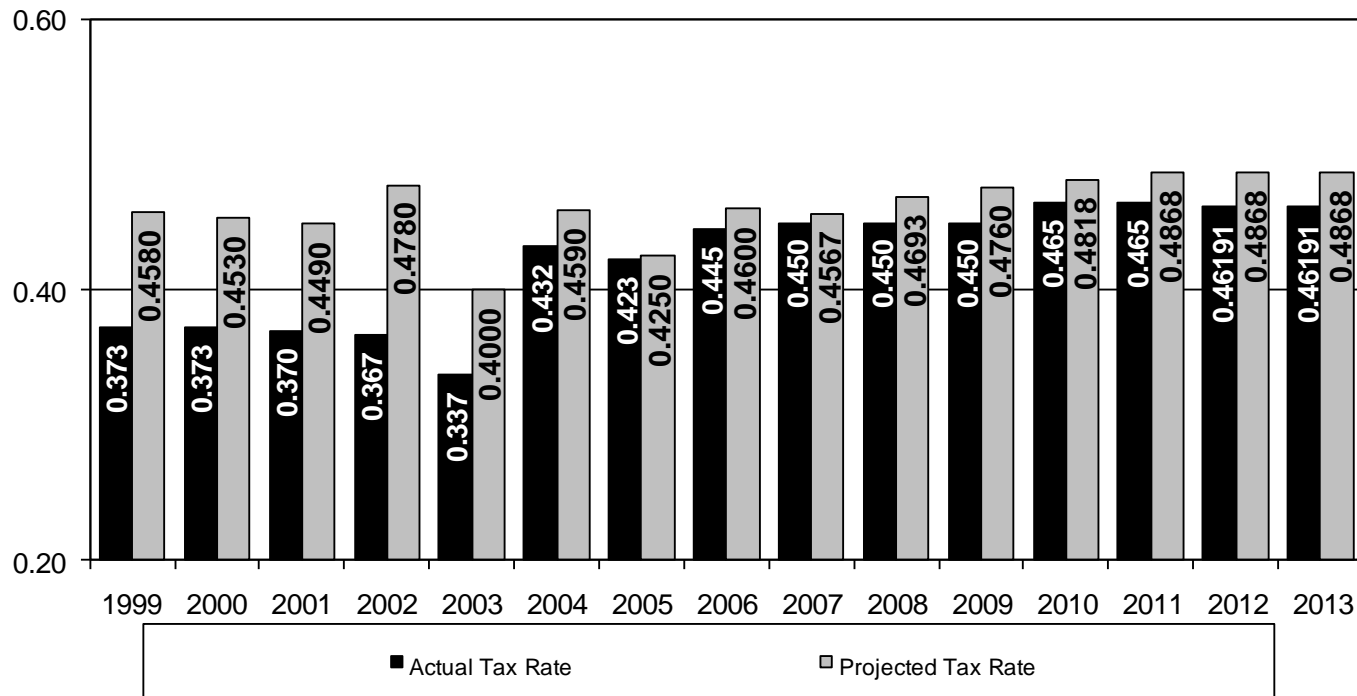


Average M&O Rate .36472

\* FY12 split amounts

# Projected & Actual Tax Rates

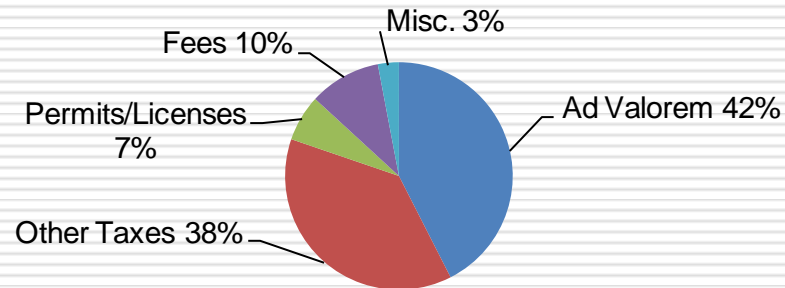
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# General Fund Revenues

Revenues	Actual FY09	Actual FY10	Actual FY11	Revised FY12	Proposed FY13
Ad Valorem	31,351,386	34,359,608	34,443,138	36,315,602	38,403,956
Other Taxes	26,151,683	27,455,187	30,086,600	32,495,000	34,107,450
Permits/Licenses	3,979,670	5,136,993	5,820,247	5,659,000	5,959,000
Fees	8,699,189	8,174,361	9,133,072	8,670,398	9,206,696
Miscellaneous Revenue	2,677,827	2,491,278	3,074,896	2,760,918	2,688,602
<b>Total</b>	<b>72,859,755</b>	<b>77,617,427</b>	<b>82,557,953</b>	<b>85,900,918</b>	<b>90,365,704</b>

**General Fund Revenue by Source  
Fiscal Year 2013**



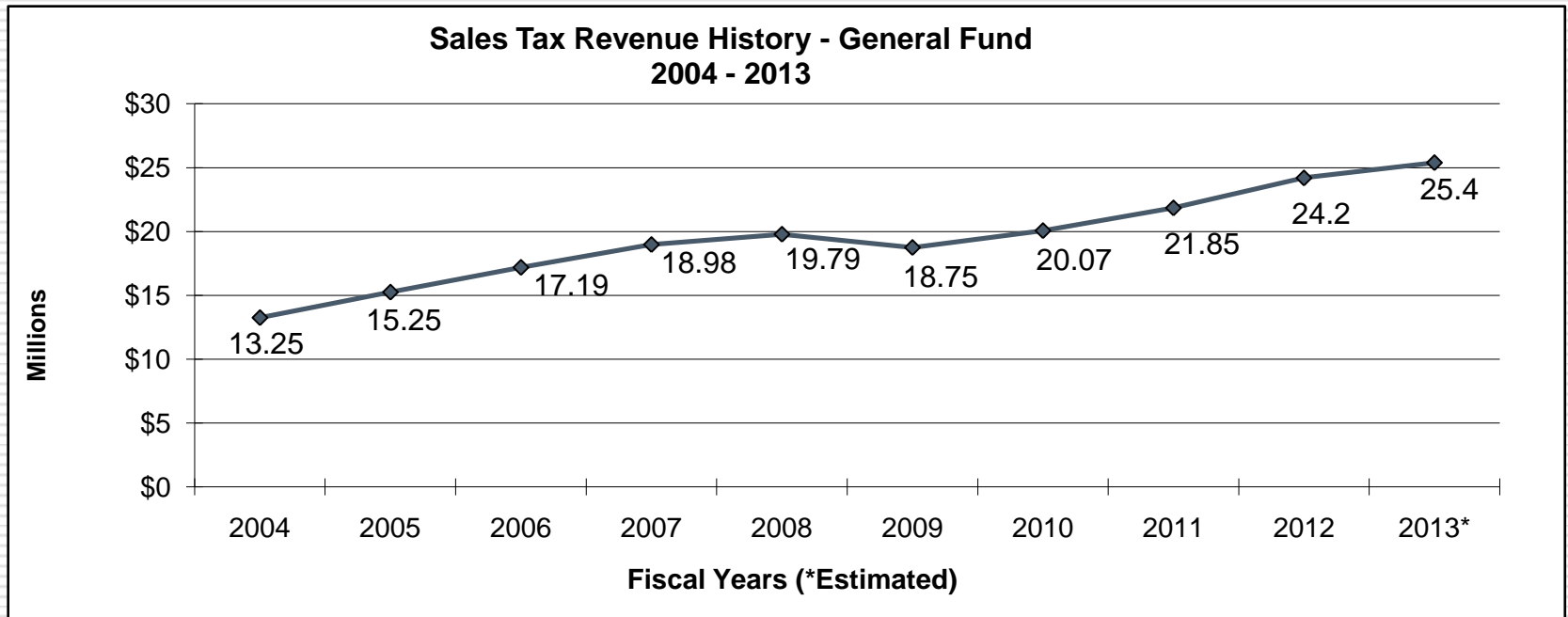
# General Fund Projections

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- ☐ Property tax revenue increase due to increase in value and increase in M&O rate.
  - ☐ Sales tax increase of \$1.2 million.
  - ☐ Franchise tax revenue increases of 5%.
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# General Fund Revenues

## Sales Taxes



- ❑ Sales Tax Revenue projected to increase 5% over Revised to \$25.4 million.
- ❑ Revised FY 2012 projection is \$24.2 million.
- ❑ August YTD sales tax revenues are 12.50% more than those of the previous year.

# General Fund Revenues

## Taxes, Permits, and Fees

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- ❑ The Sales Tax Revenue and Franchise Tax Revenues represent 37.74% of total revenues.
  - ❑ Revised FY12 Building Permit Revenues estimated at \$5,000,000.
  - ❑ FY13 Building Permit Fees are projected at \$5,000,000.
  - ❑ Current assumption is that single family permits will remain between 1,200 and 1,500 annually.
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# General Fund Changes

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- ❑ There are 20 positions added to this proposed budget with 4 of the positions previously held as frozen.
  - ❑ New positions include:
    - Financial Services - Deputy Court Clerk
    - Police - Records Clerk & 3 Dispatchers
    - Fire - Plans Examiner, Fire Inspector & Emergency Vehicle Technician
    - Public Works - 2 Equipment Operators Streets
    - Public Works - Traffic Control Sign Shop Maintenance Worker
    - HR - HR Analyst
    - Administrative Services - Purchasing Manager & Equipment Mechanic
    - Parks - 1 Maintenance Crew (3 Staff) & 2 Medians Maintenance Workers
    - Engineering - Roadway Lighting Technician
  - ❑ Total cost of new personnel for nine months is \$784,420.
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# Compensation Adjustments

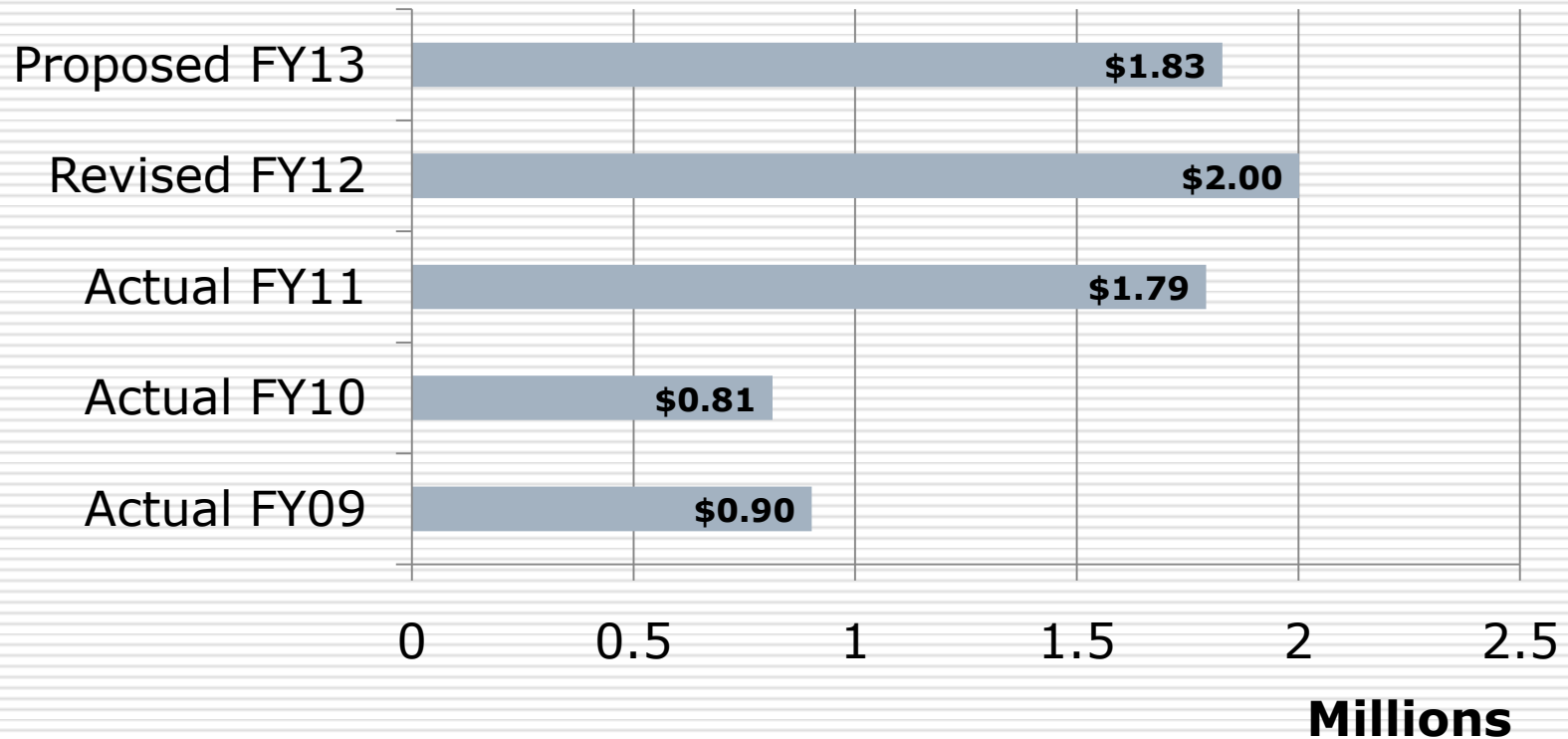
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- ❑ Funding for up to a 3% merit-based increase for all city employees or one 3% step for police and fire personnel, is included in FY 13 projections.
  - ❑ Funding for a 2% market adjustment for all staff for a total projected cost of \$1,084,000.
  - ❑ An additional \$600,000 has been added to medical insurance cost for FY13 (based on plan performance). Currently evaluating rate structure to determine increase for dependent care coverage.
  - ❑ We propose using the fully recommended funding TMRS rate of 13.41% for 2013 (total increase for TMRS is \$454,799).
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# General Fund Capital Expenditures and Transfers

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## GF Capital



# Capital Expenditures

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- FY13 appropriation is increasing, however we continue deferring some replacement requests.

	Replacement	New
FY 2008	\$1,479,292	\$1,509,850
FY 2009	559,433	342,600
FY 2010	479,310	334,326
FY 2011	1,210,438	256,845
FY 2012	1,457,146	338,000
FY 2013	1,578,515	249,919

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# Strategic Focus Areas

## Long-Term Financial Health

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- ☐ Tax Rate remains competitive and below the level projected at the time of the Bond election
  - ☐ Fund Balance in General Fund maintained at 28.5%, or 27% excluding the 1.5% contingency
  - ☐ Increase in funding for annual capital needs are provided for in FY13 over the FY12 original budget
  - ☐ Continue transfer of \$215,000 to the Capital Reserve Fund in FY 13 for FAC depreciation and \$1.5 anticipated land sale revenues deposited to this fund
  - ☐ Funded an Inventory Control Coordinator
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# Strategic Focus Areas

## Infrastructure

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- ❑ Widening of major traffic support; including arterials and highways
  - ❑ Maintenance of city medians, entry portals, public art and fountains
  - ❑ Stormwater Watershed Master Plan update
  - ❑ Vehicles and equipment for the Stormwater program
  - ❑ New elevated storage tank, major water transmission mains, lift station improvements and reuse system expansion
  - ❑ Street maintenance and repair programs
  - ❑ Sidewalk maintenance program
  - ❑ Traffic and intersection maintenance
  - ❑ Neighborhood park playground equipment, irrigation and parking lots
  - ❑ Wayfinding and Safe Way to School plan implementation
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# Strategic Focus Areas

## Public Health & Safety

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- ☐ Full years cost of Fire Station #7 with the addition of 18 firefighters/paramedics and 3 captains
  - ☐ Funding for three support positions in the Fire Department
  - ☐ \$54,848 for improved medical dispatch software
  - ☐ Funding for three Dispatchers and one Records Clerk in the Police Department
  - ☐ Funding for replacement of nine patrol vehicles
  - ☐ \$32,620 funding for school zone and Fire Station # 5 safety flashers
  - ☐ Continuation of Teen Court Program funding
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# Strategic Focus Areas

## Sustainable City

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- ☐ \$1 per capita for social service organizations (\$126,000) continued funding
  - ☐ Downtown Coordination activities
  - ☐ Stormwater Management program
  - ☐ Convention and Visitor Bureau initiatives
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# Strategic Focus Areas

## Excellence in City Government

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- ❑ Continuation of the merit pay system – approximately \$1.5 million proposed for a 3% step increase for police and fire and up to a 3% merit for all other civilian employees
  - ❑ Market competitive pay for employees - \$1.084 million proposed for a 2% market increase for all employees
  - ❑ Continued analysis of the self-insurance plans for City employee benefits
  - ❑ Replacement of E-discovery software; \$200,000
  - ❑ Funding for improvements to software for the City phone system; \$315,600, energy management; \$41,383 and facility asset management systems; \$20,000
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# Strategic Focus Areas

## Leisure & Culture

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- ☐ Operation of FAC without General Fund subsidy
  - ☐ Continued work on Grand Park development planning
  - ☐ Continued funding for Frisco Association of the Arts – (\$75,000, from the CVB budget and \$70,000 for the CDC for the Frisco Discovery Center)
  - ☐ Continued funding of Library collection additions – (\$500,000)
  - ☐ Additional funding for Parks Operations for park facility maintenance
  - ☐ Continued Public Art Management through utilizing existing staff to complete tasks at no extra cost to City
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# Strategic Focus Areas

## Civic Involvement

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- ❑ Funding for recognition of city volunteers and board members
  - ❑ Continued support for City's Police Academy, Fire Academy and Community Emergency Response Team (CERT)
  - ❑ Continued funding of Teen Court, Library Teen Advisory Board, and Mayor's Youth Council activities
  - ❑ Continuation of City Hall 101 program
  - ❑ Use of volunteers for staffing tours at Heritage Center and Heritage Museum
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# General Fund Expenditures

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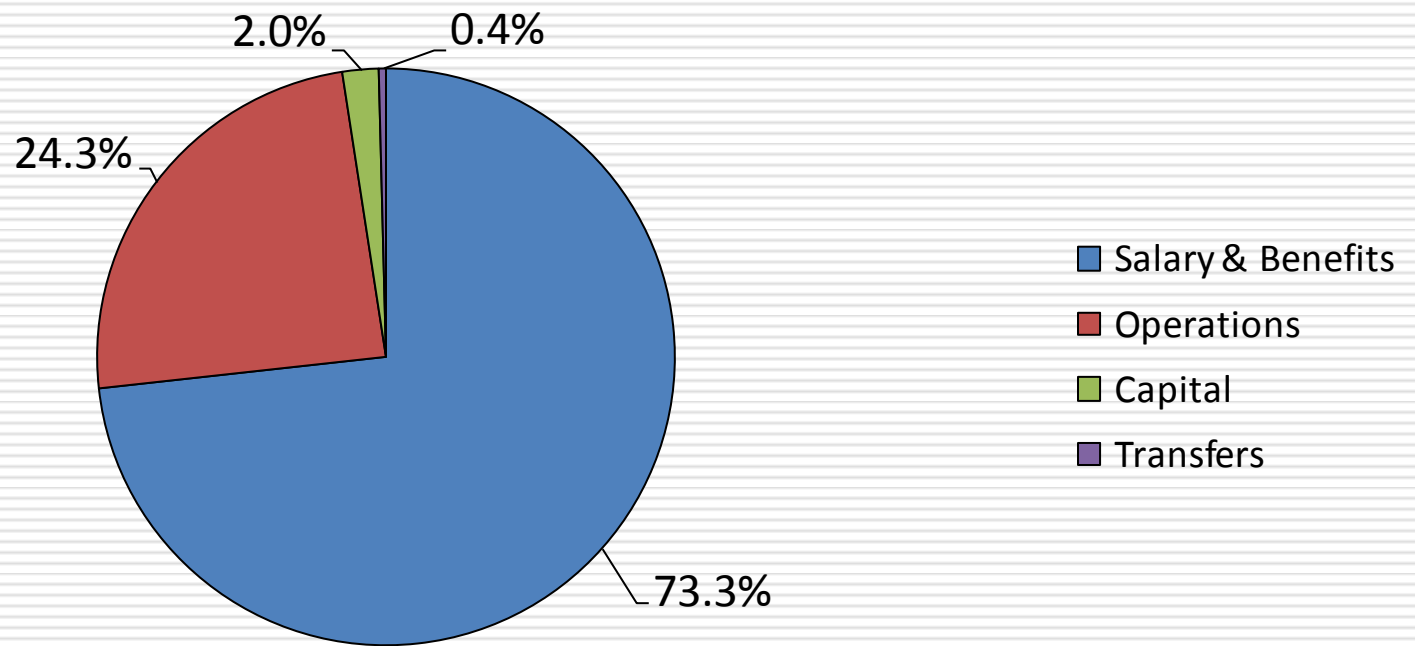
FY12 Expenditures (Revised)	\$85,642,377
FY13 Expenditures (Proposed)	\$90,198,894
Proposed Change in Expenditures (including capital)	\$4,556,517

\*Increase is 5.2% from FY 12 to FY 13.

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# General Fund Expenditures FY13

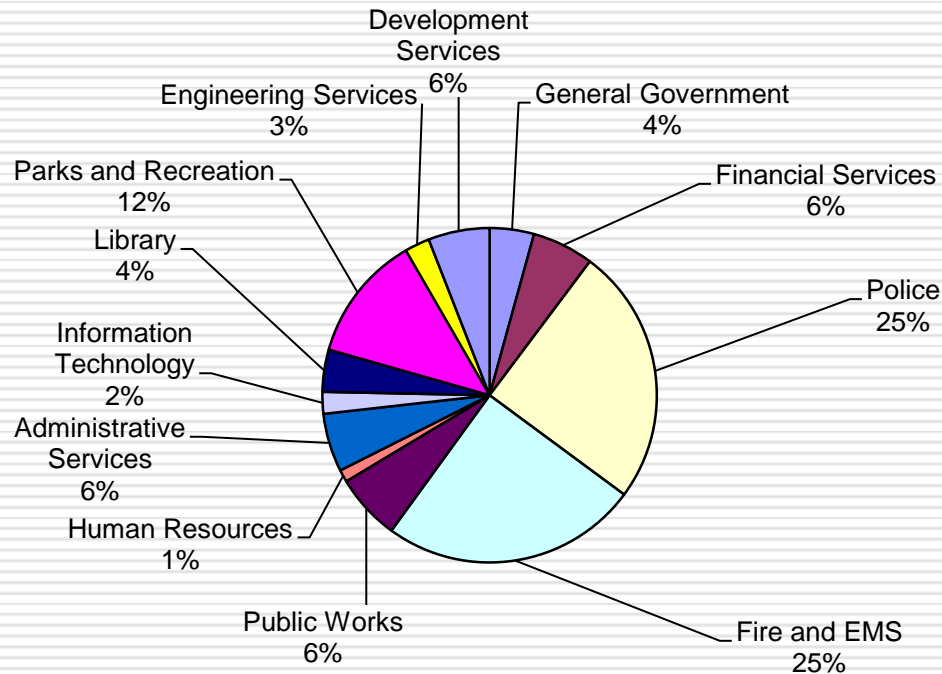
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# General Fund Expenditures

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**General Fund Expenditures  
by Department as Percent of Total**



# Enterprise Funds

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- ☐ Utility Fund
- ☐ Environmental Services Fund
- ☐ Stormwater Fund

# Utility Fund Revenues

Revenues	Actual FY09	Actual FY10	Actual FY11	Revised FY12	Proposed FY13
Water	25,860,878	29,131,169	36,376,380	34,983,566	36,776,860
Sewer	11,491,839	13,342,708	15,230,930	16,670,844	17,804,432
Engineering Services	270,021	342,956	764,027	1,050,000	600,000
Other Revenue	1,986,015	7,174,758	2,598,950	2,623,138	2,415,065
Grand Total	39,608,753	49,991,591	54,970,287	55,327,547	57,596,357

- ❑ Consultant is currently finalizing the utility rate model; we are still looking at the comparisons to surrounding cities before making a final recommendation on rate adjustments for FY13.
- ❑ Revenues have decreased for Revised FY12. This appears to be in response to the request by NTMWD to reduce consumption by 10%. In addition, we were in Stage 3 water restriction for a majority of the year. However, we continue to review and evaluate this revenue source.
- ❑ Other Revenue includes a transfer in from the Utility Impact Fee Fund for debt service payments of \$2,000,000.
- ❑ Construction Inspection fees have increased for FY 2012 due to increased activity.
- ❑ We do anticipate exceeding our minimum take or pay in FY 2012 but it is minimal (to 9,743,490,000 from 9,723,239,000).

# Utility Fund Expenses

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FY12 Expenses (Revised)	\$49,805,548
FY13 Expenses (Proposed)	\$57,497,025
Proposed Change in Expenses	\$ 7,691,477

\*Increase is 15.4% from FY 12 to FY 13

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# Utility Fund

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- ☐ Of the 11 positions previously frozen, 7 are funded in this proposal and 4 eliminated. 2 new positions are proposed in Meters and Administrative Services.
  - ☐ Positions being added or reinstated:
    - Public Works - 4 Maintenance Workers, Crew Leader, Equipment Operator II
    - Engineering -Construction Inspector and Civil Engineer
    - Administrative Services - Inventory Coordinator
  - ☐ Total funding for nine months for these positions are approximately \$662,055.
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# Utility Fund

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- ☐ Continue capital replacement - \$466,190
    - Backhoe
    - Public Works Vehicles;
      - ☐ 1 Administration,
      - ☐ 5 Water,
      - ☐ 7 Meters,
      - ☐ 1 ROW
  - ☐ Fund new capital - \$544,003
    - Security System
    - Vehicles
    - Generator
    - Valve System
    - GPS Unit
  - ☐ Cost of water from NTMWD is going from \$1.49 to \$1.70 per 1,000 gallons (a 14.09% increase)
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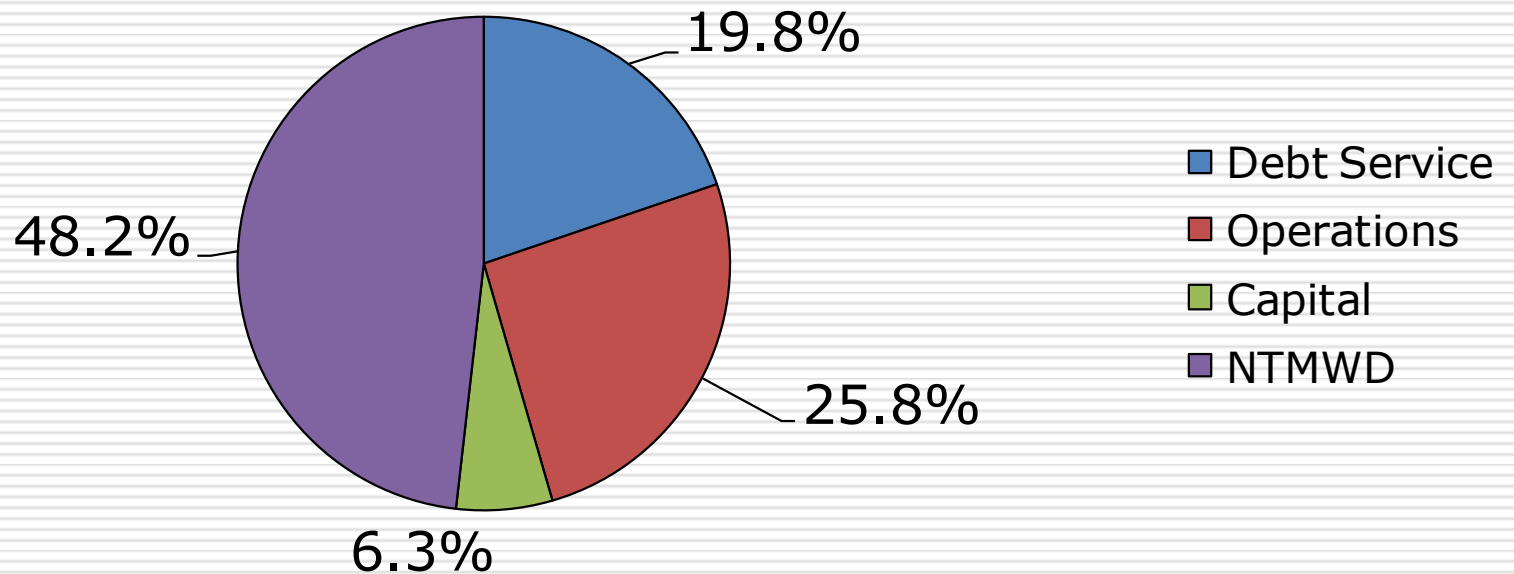
# Utility Fund

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- ☐ The rate model is not finalized; we are still reviewing.
  - ☐ It is anticipated there will be about a 3% - 5% rate increase.
  - ☐ We think this will add approximately \$4.00 to the total bill of an average customer.
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# Utility Fund Expenses FY13

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# Environmental Services Fund Revenues

Revenues	Actual FY09	Actual FY10	Actual FY11	Revised FY12	Proposed FY13
Environmental Services	9,109,124	9,110,851	9,693,578	10,284,552	10,747,357
Other Revenue	9,020	88,227	108,569	1,000	1,000
Grand Total	9,118,144	9,199,078	9,802,147	10,285,552	10,748,357

- ☐ The fund continues to perform well, with revenues exceeding expenditures.
- ☐ We are anticipating contract increases due to costs of collection of refuse and recyclables, the cost of disposal charged by the NTMWD, increased service population, fuel prices, and CPI contract pricing.
- ☐ We are prepared to absorb any cost increase in operating lines of service without rate increases.

# Environmental Services Fund Expenses

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FY12 Operational Expenses (Revised)	\$10,195,000
FY13 Operational Expenses (Proposed)	\$10,724,853
Proposed Change in Operational Expenses	\$ 529,853

\*Increase is 5.2% from FY 12 to FY 13

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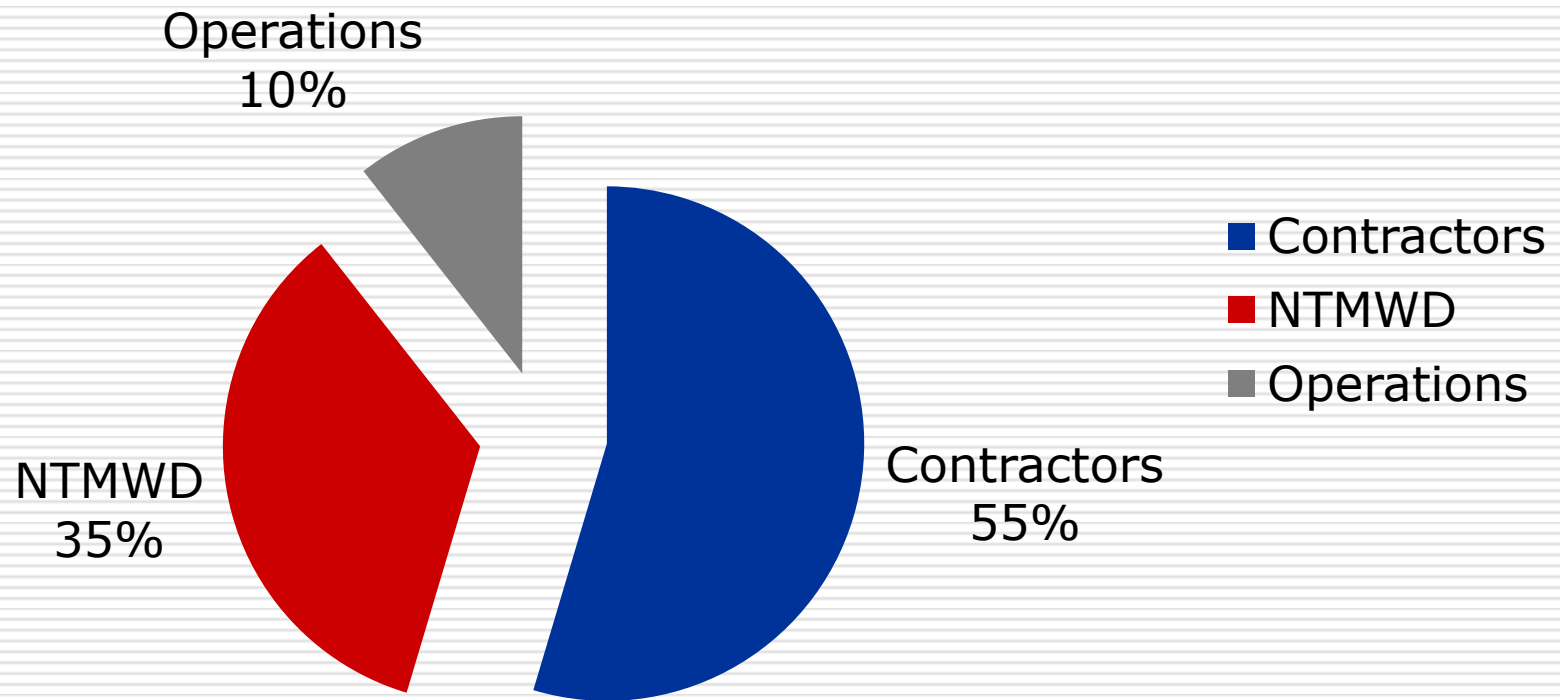
# Environmental Services Fund Expenses

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- ❑ Expenses increase due to:
    - Overall cost for landfill expense
    - Contract cost increases (i.e. population growth, fuel cost)
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# Environmental Services Fund Expenses by Category

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# Stormwater Revenue & Expenses

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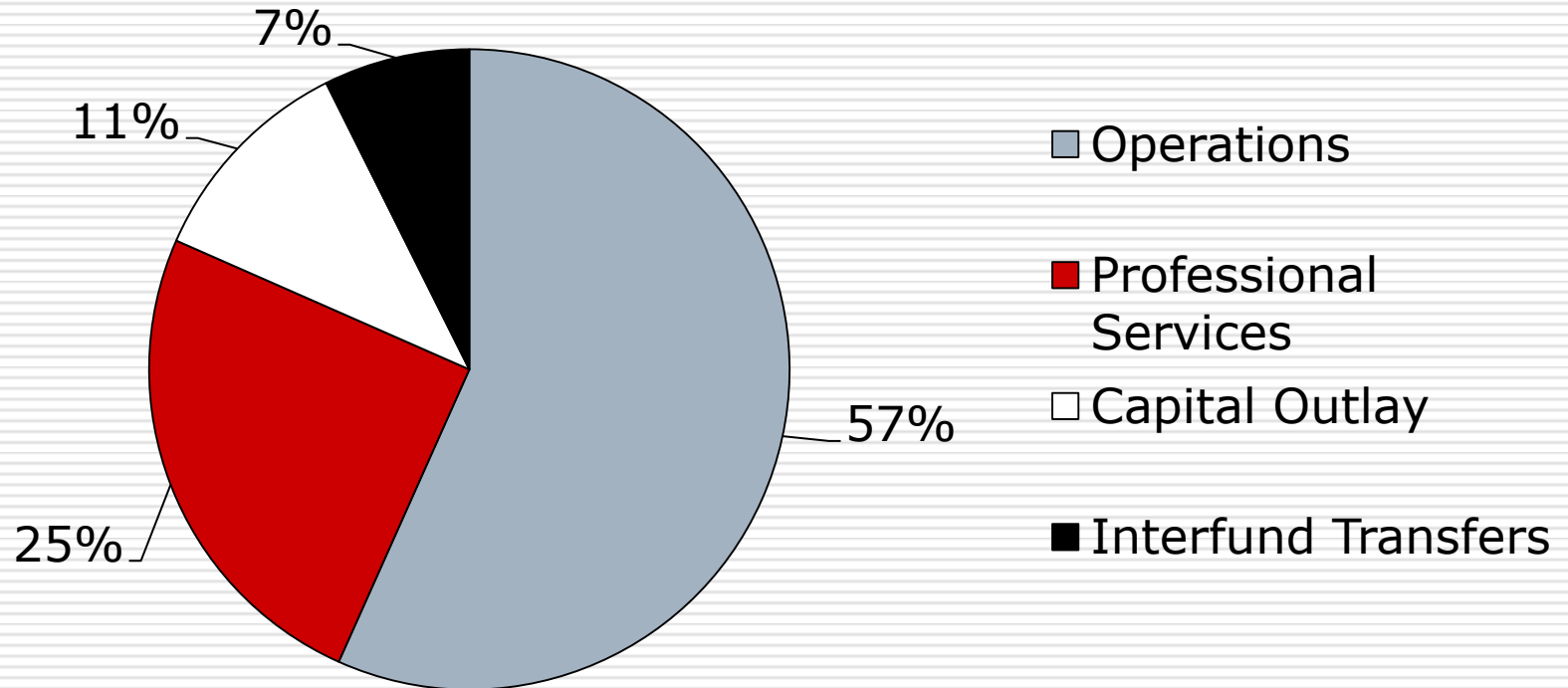
	Actual FY10	Actual FY11	Revised FY12	Proposed FY13
Revenues	1,364,817	1,318,309	1,362,971	1,416,949
Expenses	681,772	1,140,845	1,580,254	1,646,761

- Revenue stream is consistent with projections; the plan projected a rate increase in the third year to add additional staffing.
  - We are still looking at the rates and the comparison information for our surrounding cities.
  - The plan projected hiring two full crews in FY2012. A new crew was requested for FY2013, however at this time is not being funded. Major appropriations in FY 13 are \$181,582 for purchasing initial startup equipment and \$410,000 in studies and masterplanning.
  - Funding for the Stormwater Master Plan is included in the FY2013 proposed budget, after completion of which, we will evaluate the need to add a second crew in FY2014.
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# Stormwater Fund Expenses by Category

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## Stormwater Expenses



# Other Funds

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- ☐ Community Development Fund
- ☐ Economic Development Fund
- ☐ Hotel / Motel Fund

# Community Development Fund Expenditures

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FY12 Expenditures (Revised)	\$25,659,355
FY13 Expenditures (Proposed)	\$8,470,271
Anticipated FY 2013 Ending Fund Balance-Unassigned	\$14,688,610

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# Community Development Fund Expenditures

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- Appropriations include:
    - Frisco Discovery Center Back of House,
    - Funding for Grants to be awarded to community groups,
    - Commitment to the Railroad Museum,
    - Debt service requirements.
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# Economic Development Fund Expenditures

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FY12 Expenditures (Revised)	\$11,684,979
FY13 Expenditures (Proposed)	\$14,843,634
Anticipated FY 2013 Ending Fund Balance - Unassigned	\$17,936,071

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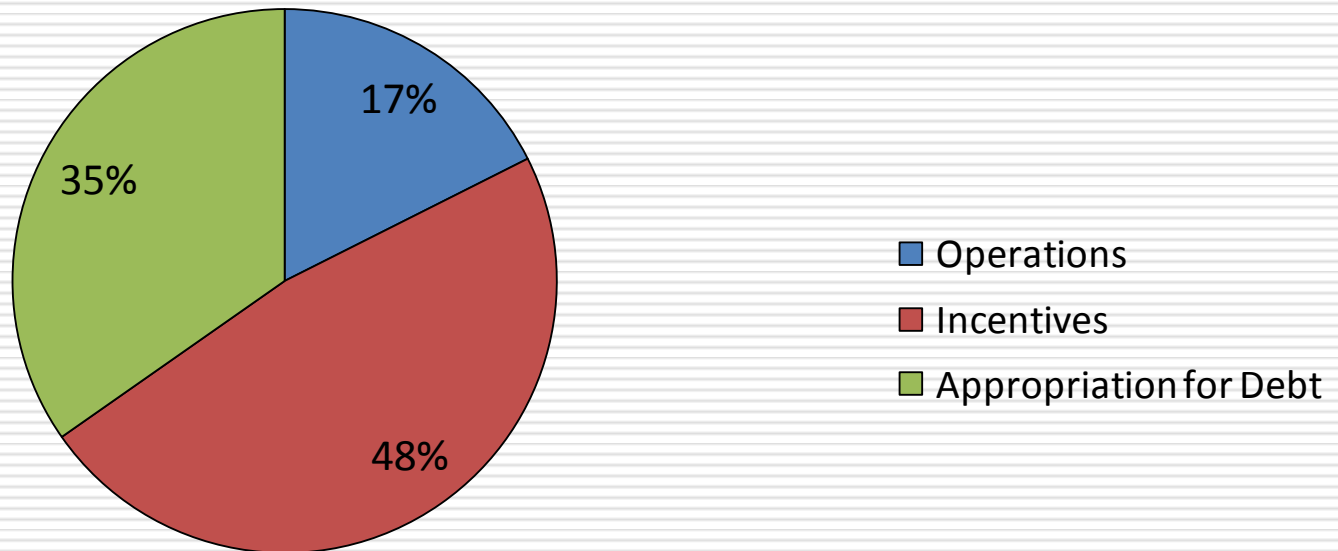
# Economic Development Fund Expenditures

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- FY 2012 appropriations fund approximately:
    - \$2.5 million in operations,
    - \$4.8 million in incentive agreements,
    - \$4.2 million in debt service requirements.
  
  - FY 2013 appropriations continue approximately:
    - \$2.6 million in operations,
    - \$7 million for incentive agreements,
    - \$5.1 million in debt service requirements.
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# Economic Development Corp. Expenditures

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# Hotel / Motel Fund Expenditures

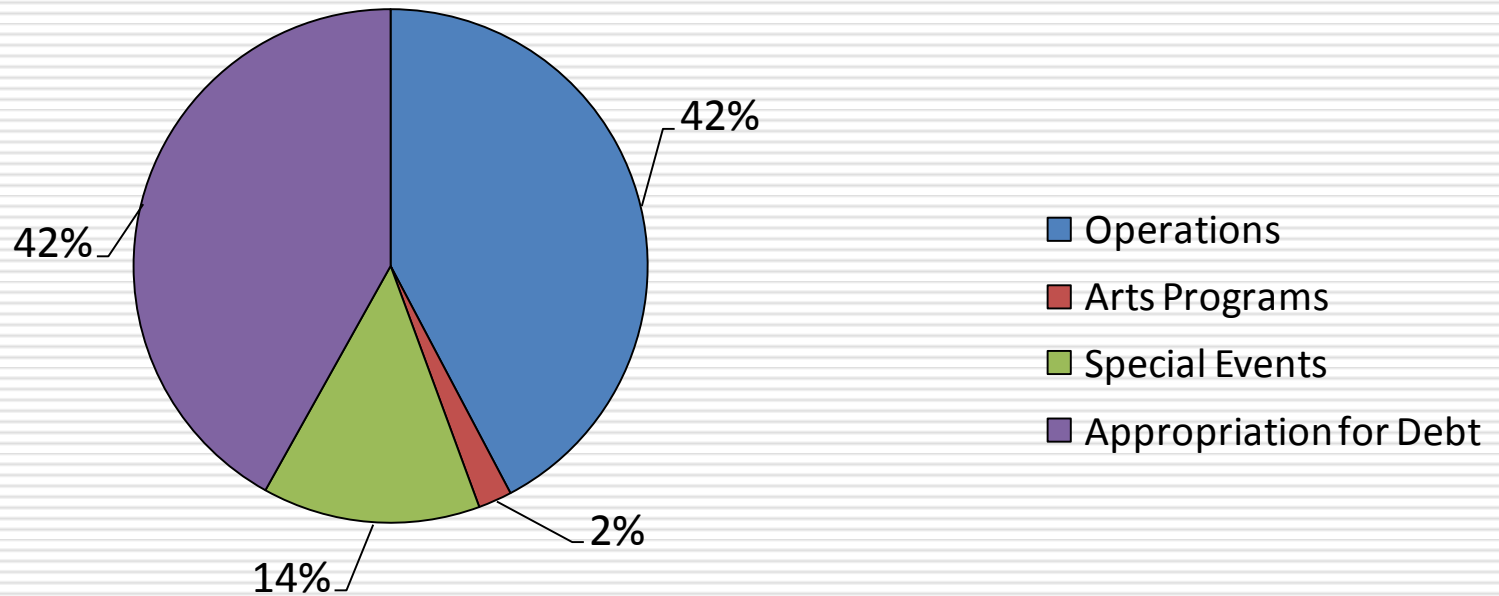
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FY12 Expenditures (Revised)	\$3,375,277
FY13 Expenditures (Proposed)	\$3,542,436
Anticipated FY 2013 Ending Fund Balance	\$386,385

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# Hotel / Motel Fund Expenditures

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# Rates-Fee Ordinance Update

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- ❑ Water rate – pass through of the increase from NTMWD on the volume change = \$0.21
  - ❑ Sewer rate – combination of an increase in the minimum base charge and an increase in the volume change
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# City Council Budget Worksession

## Regarding the FY2013 Proposed Budget

August 13, 2012  
Frisco Senior Center  
6670 Moore Street  
Frisco, TX

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